



IN THE UNITED STATES PATENT
AND TRADEMARK OFFICE

8
RECEIVED
PATENT
AUG 04 2003
GROUP 3600

Applicant: Peter J. Malnekoff)

Serial No.: 09/871,867)

Filed: June 1, 2001)

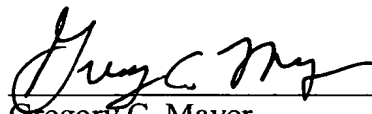
For: AN AUTOMATED
GEMSTONE EVALUATION
SYSTEM)

Group Art Unit: 3622)

Examiner: M. Kemper)

I hereby certify that this paper is being
deposited with the United States Postal
Service, first class postage prepaid, addressed
to: Commissioner for Patents, Box AF, P.O.
Box 1450, Alexandria, VA 22313-1450

July 28, 2003



Gregory C. Mayer
Reg. No. 38,238

**DECLARATION OF PETER J. MALNEKOFF
PURSUANT TO 37 C.F.R §1.131**

I, Peter J. Malnekoff, do hereby declare as follows:

1. I am the sole, named inventor of the subject matter disclosed and claimed in the above-captioned application.
2. I have been informed that the above-captioned application is a continuation of U.S. Patent Application Serial No. 09/157,470, filed September 21, 1998 (hereinafter, "the '470 application"), and that the claims pending in the above-captioned application are drawn to the same subject matter as the claims filed in the '470 application.
3. I submit this Declaration for the purpose of providing evidence that the subject matter claimed in the above-captioned application was conceived in the United States of America as of a date prior in time to May 28, 1998, and that I diligently worked toward a reduction to practice in the United States from a time prior to May 28, 1998 up until my constructive reduction to practice, the filing date of the '470 application, September 21, 1998.

4. I have also been informed that Aggarwal, U.S. Patent No. 6,239,867, (hereinafter, "Aggarwal"; a copy of which is attached hereto as Exhibit "A"), was cited against the claims pending in the above-captioned application.

5. Further, I have been informed that the effective date of Aggarwal as an alleged prior art reference is May 28, 1998.

6. To establish the date of conception of my invention prior to May 28, 1998, I provide evidence in the form of a copy of a letter from Lawrence J. Chapa, my patent counsel, to Terry W. Kramer, enclosing a four-page invention disclosure that I prepared, a true and correct copy of which is attached hereto as Exhibit "B" (dates have been redacted from Exhibit "B"). The invention disclosure was prepared in the United States, where my invention was also conceived, prior to May 28, 1998. The invention disclosure describes the invention of the above-noted patent application, and specifically includes a description of a computerized diamond appraisal service system and method including the use of predetermined gemstone data as an input and computing a pricing estimate for use in an evaluation report. Page 2 of the invention disclosure sets forth a sample procedure input (that includes blanks for the entry of data corresponding to cut type, weight, color, clarity, and cut proportions, including depth percentage, girdle thickness, culet, and finish) and an appraisal document (evaluation report) that includes average retail selling price data.

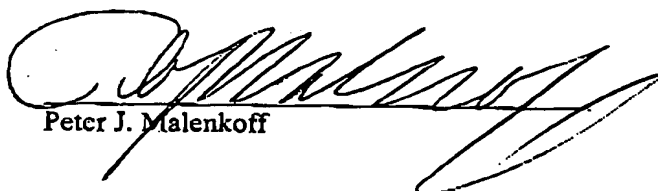
7. Subsequent to sending the invention disclosure to my patent counsel, I worked diligently toward a reduction to practice of my invention. Specifically, during the spring and summer of 1998, I worked diligently with my patent counsel to analyze patentability search results and to prepare the '470 patent application. Also, I sought and engaged a software specialist, Steve Finkelman, by April of 1998, to implement my invention, as evidenced by Exhibit "C" attached hereto, which is a true and correct copy of a listing of payments made to Steve Finkelman and an IRS Form 1099-MISC for 1999, setting

forth compensation paid to Steve Finkelman for the work he performed to implement my invention. Steve Finkelman and I worked diligently to develop a commercial software product which would enable the practice of my invention. During this same period, including the period throughout 1998, I continued to work full time in my primary profession as a retail jeweler.

8. As evidence of my diligence toward the filing of the '470 application, submitted herewith as Exhibit "D" are true and correct copies of a letter dated March 23, 1998, from my patent counsel to me, reporting the receipt of a patentability search regarding my invention, and facsimile cover sheets dated August 12, 1998, September 11, 1998, and September 16, 1998 from my patent counsel to me, forwarding drafts of the '470 application.

9. All statements made herein of my own knowledge are true and all statements made on information and belief are believed to be true; and further these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and such willful false statements may jeopardize the validity of the application or patent issued thereon.

07-24-03
Date


Peter J. Malenkoff

REDACTED

VIA FACSIMILE

Mr. Terry W. Kramer
Attorney at Law
2111 Jefferson Davis Highway
Suite 1210 - North
Arlington, Virginia 22202

Re: Computerized Gemstone Appraisal System
Patent Search for Possible New U.S. Application
Our Ref: CS-1343

Dear Terry:

We would kindly request that you perform a patent search for a Computerized Gemstone Appraisal System. The Computerized Gemstone Appraisal System would be comprised of a special purpose computer or software running on a general purpose computer.

The system would further comprise of means for inputting gemstone characteristics such as carat size, color, clarity, type of stone and various dimensions. The computer/program would receive the inputs and determine the quality of the stone by using the computational model or by looking up the appropriate data in a table or database. The system would further include a means for outputting a report including the results of the computation or the data that was looked up, including a value or price for the gem stone being appraised.

As a dependent feature of the system, the system would include means for adjusting determining parameters used in the computational model or the table/database.

Access to the system would be through on-line resources such as the Internet via the world wide web. A form would be presented to the user with fields for receiving the various inputs. The results of the appraisal could be displayed on the same or a separate screen.

Mr. Terry W. Kramer

REDACTED

Page 2

Please find enclosed a more detailed description of the Computerized Gemstone Appraisal System.

As always, the client is quite eager to receive the results of the search. So anything you could do to accelerate the work would be greatly appreciated. If you have any questions, please call. I can be reached at (312) 427-1300.

Very truly yours,

Lawrence J. Chapa

LJC:eab
enclosures
giagem.doc/1-2

REDACTED

NATHAN MALNEKOFF AND SON JEWELERS COPYRIGHT EXCLUSIVE
INFORMATION VIEWED WITH CONFIDENTIALITY AGREEMENT.

PLAN FOR DIAMOND APPRAISAL SHOPPING SERVICE

1. INTRODUCTION. It is in the interest of the consumer to gain access to genuine gemological information about the quality of diamonds, to fully understand what they are buying and how much they are paying for diamonds. This appraisal software will meet the needs of the diamond consumer who wants to make an intelligent decision relating price to quality. The main problem is trying to decide which is the correct diamond for you to purchase. Your eye and memory absolutely cannot remember the fine differences of sparkle and brilliance when going from store to store to shop for diamonds. After shopping around, you become visually and mentally numb from all the sales talk and visual stimulation. To compare the brilliance of a diamond, you need an objective reference standard: an absolute method of comparing the sparkle and brilliance of different diamonds as you shop. This Diamond Appraisal Shopping Service was created to allow you, the consumer, to make an educated intelligent decision about the purchase of your special diamond.

The objective reference standard for diamonds in America is the Gemological Institute of America (GIA) official Gem Trade Laboratory Certificate, known as The GIA Cert. The GIA cert takes away the guesswork and allows you to fully understand the quality of the diamond you are purchasing. Without this information, you cannot make an intelligent decision. Without fully understanding how to interpret the information on the GIA Cert, you also cannot make an intelligent decision. The GIA is the oldest gemological institute of all the grading laboratories, and established the standards for diamond grading by which all diamonds are graded. The other diamond grading labs use the system created by the GIA to grade diamonds, but they issue certificates by grading the diamonds slightly differently than the GIA. How can you, the consumer, make an intelligent choice with all these variables and different grading methods. You need our help to guide you.

We have created a master database of gemological appraisal information to allow you to make your decision a pleasant experience. All you have to do is collect the certificate information of all the diamonds you have seen at all the different jewelers. I have seen consumers going to 20 or more jewelers looking at approx. 5 diamonds per jeweler (over 100 diamonds). How can you make an informed decision about 100 diamonds viewed over a period of time (usually weeks). I have seen consumers spend tens of hours agonizing over data they have collected, thinking that they are making the correct decision. Now that time will be reduced to less than an hour, with each diamond being objectively appraised for what you really need to know: What each diamond looks like compared to other diamonds, its relative brilliance compared to the standards of the ideal cut, and the average selling prices for that specific diamond. This service is available exclusively from Nathan Malnekoff and Son Jewelers with COMPUTERIZED DIAMOND APPRAISAL SHOPPING SERVICE. Now you can really make an intelligent decision.

page '2

SAMPLE PROCEDURE INPUT AND APPRAISAL DOCUMENT

C U S T O M E R I N F O R M A T I O N :
NAME _____ ADDRESS _____ CITY _____ STATE _____ ZIP _____
TEL # _____ FAX _____ EMAIL _____
CHARGECARD NAME _____ CARD # _____ EXP DATE _____

OF DIAMONDS TO BE APPRAISED _____ X \$20 PER APPRAISAL.
SUMMARY OF BEST DIAMOND FOR ALL ENTRIES (YES) \$35
TOTAL APPRAISAL SERVICE \$ _____

DIAMOND CERTIFICATE INFORMATION ENTRY: DIAMOND # _____ (1-100)
SHAPE AND CUTTING STYLE OF DIAMOND _____
ANY SHAPE OTHER THAN ROUND NEEDS THE FOLLOWING INFORMATION:
LENGTH MM _____ WIDTH MM _____ DEPTH MM _____
CARAT WEIGHT _____ CT. COLOR GRADE _____ CLARITY GRADE _____

PROPORTION INFORMATION:
DEPTH _____ % TABLE _____ % GIRDLE THICKNESS _____ CULET _____
FINISH: POLISH _____ SYMMETRY _____

FLOURESCENCE _____ COMMENTS _____

ISSUING GEM LAB GIA _____ EGL _____ IGI _____ AGS _____

PRICE PER CARAT THE JEWELER IS ASKING FOR THIS DIAMOND \$ _____

DIAMOND APPRAISAL SHOPPING SERVICE FOR (CUSTOMER NAME)
(DIAMOND #1-100) (SHAPE OF DIAMOND) (CARAT WEIGHT) (COLOR) (CLARITY)
(SEE ATTACHED GIA CERT FOR DIAMOND INFO FOR THIS APPRAISAL)

THIS ROUND BRILLIANT CUT DIAMOND IS CUT WITHIN THE RANGE OF AN IDEAL CUT. IT WILL LOOK BIGGER THAN OTHER DIAMONDS WITH A DEEPER DEPTH %. THE TABLE % GIVES THIS DIAMOND MAXIMUM BRILLIANCE. THE GIRDLE IS EXCELLENT FOR DURABILITY AND STRENGTH TO RESIST BREAKING. NO CULET MEANS THE FACETS ON THE PAVILLION SIDE OF THE DIAMOND COMES TO A POINT AT THE BOTTOM OF THE DIAMOND. THE POLISH AND SYMMETRY COMBINATION CREATES A REFLECTIVE DIAMOND OF GOOD SHAPE. THE COLOR I WITH MEDIUM BLUE FLOURESCENCE WILL GIVE THIS DIAMOND A BLUER BODY COLOR, SLIGHTLY CLOSER TO A G COLOR IN APPEARANCE. THE CLARITY GRADE OF VS2 IS NOT VISIBLE TO THE EYE AND DOES NOT AFFECT THE BRILLIANCE OF THE DIAMOND. OVERALL, THIS IS AN EXCELLENT IDEAL CUT MAXIMUM BRILLIANCE DIAMOND.

THE AVERAGE RETAIL SELLING PRICES ARE AS FOLLOWS:

PREMIUM IMAGE RETAIL STORE \$7400
DISCOUNT RETAIL STORE \$5750
NEGOTIATED DISCOUNT PRICE \$5000

REDACTED

PAGE 3

OUTLINE OF DATABASE INFORMATION FLOW

1. FIRST DATABASE IS THE RAPPAPORT SPREADSHEETS FOR PRICING BASED UPON, SHAPE, EITHER ROUND OR PEAR SHAPE, WHICH WOULD LEAD TO ONE OF TWO DATABASES, THE ROUND LIST OR THE PEAR SHAPE LIST.
2. AFTER ENTERING THE SELECTED LIST, THEN THE CARAT WEIGHT WILL BRING YOU TO THE SUBLIST SPREADSHEET FOR CARAT WEIGHT. EXAMPLE, ROUND BRILLIANT CUT .75CT WOULD LEAD US TO THE ROUND DIAMOND LIST AND THE .70CT - .89CT SUBLIST. NOW WE ARE AT THE SUBLIST SPREADSHEET, WE LOCATE THE COLOR AND CLARITY WITHIN THE SPREADSHEET TO COME TO THE RAPPAPORT LIST PRICES. FOR RAPPAPORT LIST PRICE FOR ROUND DIAMOND, .75CT, G COLOR AND VS1 CLARITY, THE RAPP LIST PRICE IS PER CARAT.
3. THE DISCOUNT FOR ACTUAL JEWELER COST OF ANY DIAMOND WITHIN THE RAPPAPORT SYSTEM CHANGES FROM MONTH TO MONTH AND YEAR TO YEAR. WE HAVE TO BE ABLE TO CHANGE THE DISCOUNTS OFF THE RAPPAPORT LIST PRICES TO COME TO THE ACTUAL PRICE PER CARAT COST TO THE JEWELER. THIS DISCOUNT IS DIFFERENT FOR DIFFERENT SIZES OF DIAMONDS AND SHAPES OF DIAMONDS AT ANY GIVEN TIME. THIS DISCOUNT PERCENTAGE WILL HAVE TO BE ADJUSTABLE AND EASY TO CHANGE IN THE PROGRAMING OVER TIME AND BUILT INTO THE SYSTEM TO COME TO THE ACTUAL COST TO THE JEWELER FOR EACH DIAMOND WITHIN THE SPREADSHEET. THIS IS KNOWN AS "THE BACK OF RAPP PRICE" WHICH IS THE PERCENTAGE OFF THE LIST PRICE WITHIN THE SPREADSHEET.
4. THE NEXT SPREADSHEET WILL BE THE PROPORTION SPREADSHEET WHICH WILL TELL US HOW WELL THE DIAMOND IS CUT. I WILL HAVE A DESCRIPTIVE SENTENCE FOR EACH COMBINATION OF DEPTH % AND TABLE % AND GIRDLE THICKNESS FOR ALL PROPORTIONS INFORMATION, WITH THE EXAMPLE ON PAGE TWO FOR HOW THE DESCRIPTION WILL APPEAR. ONCE WE HIT THE CORRECT COMBINATION OF PROPORTION INFORMATION, THERE WILL BE A PRICE % REDUCTION OR ADDITION PLACED ONTOP OF THE PRICE ALREADY DERIVED FROM THE "BACK OF RAPP PRICE" IN PARAGRAPH #3. THE FLOURESCENCE AND COMMENTS SECTION WILL HAVE ANOTHER % REDUCTION IF THERE IS ANY FLOURESCENCE OR COMMENTS ON THE CERTIFICATE. THEN THERE WILL BE A PRICE % REDUCTION FOR CERTIFICATES OTHER THE GIA GTL CERTIFICATE. THIS WILL PRODUCE A FINAL ACTUAL COST TO THE JEWELER THAT IS THE SAME FOR MOST JEWELERS THROUGHOUT THE COUNTRY.
5. FOR ALL SHAPES OF DIAMONDS OTHER THAN ROUND, THE LENGTH, WIDTH, AND DEPTH IN MM WILL CREATE WHAT IS CALLED THE "LENGTH TO WIDTH RATIO." THIS RATIO SHOWS US THE BEST OPTIMUM SHAPE FOR THAT FANCY CUT DIAMOND. THIS IS INDEPENDENT OF THE DEPTH % AND TABLE %. A SENTENCE DESCRIBING THE OPTIMUM LENGTH TO WIDTH RATIO AND THE ACTUAL RATIO FOR THAT DIAMOND WILL BE ADDED TO THE APPRAISAL FOR FANCY SHAPE DIAMONDS OTHER THAN ROUNDS.

PAGE 4

6. EACH DIAMOND WILL GET AN ANALYSIS OF THE PROPORTIONS AND WHAT THE PARAMETERS MEAN, WHAT THE COLOR WILL LOOK LIKE, AND IF THE CLARITY IS A PROBLEM, AND THE DIFFERENT PRICES, SIMILAR TO THE SAMPLE APPRAISAL ON PAGE 2.

7. THE SUMMARY OF THE BEST DIAMOND FOR ALL ENTRIES IS A SPECIAL FEATURE THAT LOOKS AT THE BEST CUT DIAMOND, THE BEST COMBINATION OF COLOR AND CLARITY FOR THE BEST CUT, AND THE BEST PRICE PER CARAT FOR THAT COMBINATION AND ALL DIAMOND ENTRIES. THIS SERVICE WILL ALLOW THE SHOPPER TO MAKE AN INTELLIGENT DECISION BASED ON COMBINING PRICE AND QUALITY. THIS WILL INVOLVE SOME COLLATING OF THE TOTAL DATA OF ALL THE SELECTED DIAMONDS.

8. BASED UPON THE ACTUAL COST, WHICH IS A HIDDEN PRICE WITHIN THE SOFTWARE, THE SOFTWARE WILL THEN CALCULATE THE DIFFERENT PRICES FOR EACH DIAMOND AT THREE DIFFERENT JEWELRY LOCATIONS: PREMIUM IMAGE RETAIL STORE KEYSTONE 100% MARKUP, DISCOUNT RETAIL STORE WHICH IS 55% MARKUP, AND NEGOTIATED DISCOUNT PRICE WHICH IS A 35% MARKUP OVER COST.

9. QUESTIONS FOR PROGRAMMER: HOW TO LIMIT THE USE OF THE PROGRAM TO HOW MANY APPRAISALS THEY ARE PAYING FOR IN ADVANCE, BUILDING A FIREWALL TO KEEP OUT BADBOYS TO SEE HOW THE PROGRAM WORKS, AND INCLUDING CHARGECARD BILLING AT THE WEBSITE.

I DO BELIEVE THE WEB SERVER COMPANY CAN HANDLE THE CHARGECARDS OR I CAN SETUP A CHARGECARD SERVICE MYSELF DIRECT BILLING TO MALNEKOFF JEWELERS.

10. THE TWO SPREADSHEETS TO BE USED ARE:

A. RAPPAPORT LIST FOR ROUNDS AND FANCIES

B. MALNEKOFF CUT CHARTS (VIEWED AFTER CONFIDENTIALITY
(AGREEMENT IS SIGNED))

C. INDIVIDUAL COLOR AND CLARITY APPRAISALS THAT WILL TIE IN TO EACH COMBINATION OF COLOR AND CLARITY FROM THE RAPPAPORT LIST. THIS WILL APPEAR AS A WRITTEN APPRAISAL FOR EACH COLOR AND CLARITY COMBINATION.

D. INDIVIDUAL CUT APPRAISALS THAT WILL TIE IN WITH THE MALNEKOFF CUT CHARTS. THIS WILL APPEAR AS A WRITTEN APPRAISAL FOR EACH COMBINATION OF CUT INFORMATION FROM THE MALNEKOFF CUT CHARTS.

(THE WRITTEN APPRAISALS FOR C AND D WILL BE SUPPLIED LATER)
(SEE PAGE 2 FOR WRITTEN DESCRIPTION OF APPRAISAL)

E. FOR FANCY CUT DIAMONDS, THE LENGTH TO WIDTH RATIO WILL BE ANALYZED BASED ON THE FANCY CUT MALNEKOFF CUT CHARTS. THIS WILL APPEAR AS A WRITTEN APPRAISAL FOR EACH COMBINATION OF LENGTH TO WIDTH.

11. MONTHLY ADJUSTMENTS TO "BACK OF RAPP" PRICES % OFF THE RAPP LIST PRICES. DIFF SUBLISTS WITHIN RAPP LIST HAVE DIFFERENT % OFF THE LIST, AND THIS CHANGES MONTHLY. IN ADDITION, THE RAPPAPORT PRICES WITHIN EACH SUBLIST CHANGES FROM MONTH TO MONTH. THESE MUST BE EASY TO PLUG INTO THE SOFTWARE SO THE NEW PRICES CAN BE CALCULATED CORRECTLY.

MALNEKOFF AND SONS JEWELERS LLC
Vendor QuickReport
All Transactions

05/05/00

Type	Date	Num	Memo	Amount
STEVE FINKELMAN				
Check	4/28/1998	2212		-500.00
Check	6/21/1998	2440		-500.00
Check	7/5/1998	2509		-1,000.00
Check	7/11/1998	2534		-500.00
Check	7/26/1998	2603		-1,000.00
Check	8/6/1998	2640		-500.00
Check	8/15/1998	2695		-1,000.00
Check	9/17/1998	2834		-1,000.00
Check	10/21/1998	2921		-800.00
Check	11/3/1998	2983		-1,000.00
Check	11/29/1998	3120		-1,500.00
Check	12/10/1998	3190		-1,000.00
Check	12/22/1998	3245		-1,000.00
Check	12/30/1998	3294		-1,000.00
				# 12,300-
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Check	1/31/1999	3386		-1,000.00
Check	2/7/1999	3396		-500.00
Check	2/16/1999	3442		-500.00
Check	2/20/1999	3471		-800.00
Check	2/28/1999	3492		-500.00
Check	3/8/1999	3547		-500.00
Check	3/15/1999	3572		-500.00
Check	3/27/1999	3605		-500.00
Check	4/4/1999	3613		-1,000.00
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Check	5/22/1999	3837		-200.00
Check	5/28/1999	3885		-500.00
Check	6/4/1999	3890		-2,000.00
Check	7/10/1999	3963		-500.00
Check	7/20/1999	3980		-500.00
Check	7/30/1999	4052		-500.00
Check	8/4/1999	4075		-500.00
Check	8/13/1999	4109		-500.00
Check	8/17/1999	4120		-500.00
Check	8/26/1999	4143		-750.00
Check	9/7/1999	4160		-750.00
Check	9/14/1999	4230		-750.00
Check	9/17/1999	4262		-500.00
Check	9/17/1999	4263		-500.00
Check	9/23/1999	4265		-500.00
Check	9/29/1999	4307		-500.00
Check	10/4/1999	4315		-500.00
Check	10/16/1999	4355		-600.00
Check	10/22/1999	4397		-500.00
Check	10/30/1999	4396		-700.00
Check	11/8/1999	4422		-500.00
Check	11/14/1999	4454		-500.00
Check	11/24/1999	4471		-1,000.00
Check	12/7/1999	5081		-700.00
Check	12/15/1999	5134		-500.00
Check	12/20/1999	5196		-750.00
Check	1/10/2000	5314		-750.00
Check	1/14/2000	5327		-1,500.00

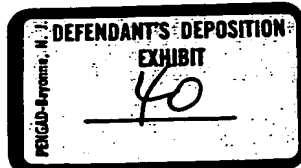
1998

1999

2000

25,100
2,250

Total 1998-2000 #39,650



M 01053
CONFIDENTIAL

PAYER'S name, street address, city, state, ZIP code, and telephone no.

IDEAS LLC

5 S WABASH STE 1010
CHICAGO, IL 60603-3007
(312)332-7054

PAYER'S Federal identification number

36-4270230

RECIPIENT'S identification number

353-46-5062

RECIPIENT'S name, street address (including apt. no.), city, state, and ZIP code

STEVE FINKELMAN

1245 ELMWOOD
EVANSTON, IL 60602

Account number (optional)

1

2nd TIN Not

1 Rents

2 Royalties

3 Other income

4 Federal income tax withheld

6 Medical and health care payments

8 Substitute payments in lieu of dividends or interest

10 Crop insurance proceeds

12 State/Payer's state number

OMB No. 1545-0115

1999

Form 1099-MISC

5 Fishing boat proceeds

7 Nonemployee compensation
25100.00

9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale

11 State income tax withheld

13

Miscellaneous Income

Copy B
For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form 1099-MISC

(Keep for your records.)

Department of the Treasury - Internal Revenue Service

*Copy B mailed to S. Finkelman
1/31/2000
NLS*

M 01054

CONFIDENTIAL

66-5460

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(MEMBERS N.Y. BAR)

March 23, 1998

Mr. Peter J. Malnekoff
Nat Malnekoff & Son Jewelers
5 South Wabash - Suite 1010
Chicago, Illinois 60603

Re: Nat Malnekoff & Son Jewelers
Patent Search for possible New U.S. Application
Our Ref No. CS-1343

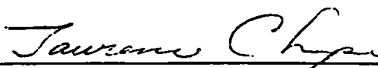
Dear Peter:

Further to our telephone discussion, wherein we discussed your ideas for a Computerized Gemstone Appraisal System, we requested a patent search be performed by our associate in Washington D.C.

We have just received the results of the search, and are in the process of reviewing the references located. We will be back to you shortly, with the results of that review. In the interim we are forwarding to you a copy of the references. We would request that you review the references and provide us with your comments, if any.

After you have had a chance to look over the patents and we have completed our analysis, we would like to have you visit us at our offices to discuss the results of the search and how it relates to your proposed Gemstone Appraisal System. If, in the interim, you have any comments and/or questions, please do not hesitate to contact either Tim Keefer or myself.

Very truly yours,


Lawrence J. Chapa

LADAS & PARRY

224 SOUTH MICHIGAN AVENUE • CHICAGO, ILLINOIS 60604

Facsimile: (312) 427-6663

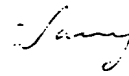
Facsimile: (312) 427-6668

TO: Attention: Peter J. Malnekoff
Facsimile No. (312) 332-5918

FROM: Larry Chapa

DATE: August 12, 1998

RE: Please find enclosed a first draft copy of an application for an automated gemstone appraisal system and method for producing an automated gemstone report we would propose filing.



THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE. If the reader of this message is not the intended recipient or an employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us by mail.

Thank you.

LADAS & PARRY

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Facsimile: (312) 427-6663

Facsimile: (312) 427-6668

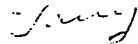
TO: Attention: Peter J. Malnekoff
Facsimile No. (312) 332-5918

FROM: Larry Chapa

DATE: September 11, 1998

RE: Please find enclosed a second draft copy of an application for an automated gemstone evaluation system and method for producing an automated gemstone report, substantially incorporating your suggested changes, as well as other changes.

Please review the application again, let us know if further changes are necessary.



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Thank you.

LADAS & PARRY

224 SOUTH MICHIGAN AVENUE • CHICAGO, ILLINOIS 60604

Facsimile: (312) 427-6663

Facsimile: (312) 427-6668

TO: Attention: Peter J. Malnekoff
Facsimile No. (312) 332-5918

FROM: Larry Chapa

DATE: September 16, 1998

RE: further additional changes

Please find enclosed new replacement pages 10-19, incorporating the two changes we talked about and further changes to the abstract. Specifically, please note changes made on page 10, lines 24-28, and page 13, lines 18-28. The abstract is now on page 19.

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